Fiscal Year 2022-23 City Manager's Proposed Budget Presentation

May 24, 2022

THE CITY OF ASHEVILLE



Presentation Overview

- Overview of the process & budget summary.
- Key elements of the FY 2022-23 Manager's Recommended Budget:
  - Compensation recommendations
  - New investments in Council priorities
  - Funding Strategy
  - Enterprise Funds Budgets (Transit & Parking)
  - Capital Improvement Program (CIP) Highlights
- Next Steps

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Key Takeaways

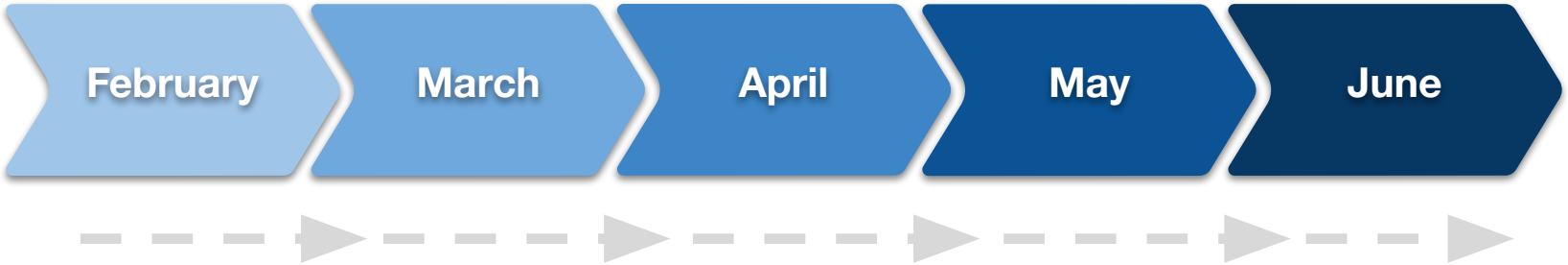
- Recommendations are based on
  - Available resources (no property tax rate increase)
  - Internal work
  - Council priorities
  - Information gathered and work completed in prior budget processes
- Need to be competitive in the labor market to recruit and retain employees that provide our services.
- Limited capacity is available to fund new or expanded services without ARPA and fund balance.

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Fiscal Year 2022-23 (FY23) Budget Process & Proposed Budget Overview

FY23 Council Budget Timeline

Approved by City Council at February 8, 2022 meeting.



2/22
Council Work Session

3/17 & 18
Council Retreat

4/12
Council Work Session

4/26
Council Work Session
Adopt Fees & Charges

5/24
Proposed Budget

6/14
Public Hearing

6/28
Adoption

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Budget Process Summary

February 22 Work Session

- Overall financial position is positive.
- Overview of capital planning and update on capital projects.

March 18 Council Retreat

- Inflationary pressures are impacting existing services.
- Starting a comprehensive facility assessment to guide future capital investments.

April 12 Work Session

- Lingering impacts of the pandemic have created budget challenges.
- Review of fund balance, personnel budgeting, Parking Fund and Transit Fund.

April 26 Work Session

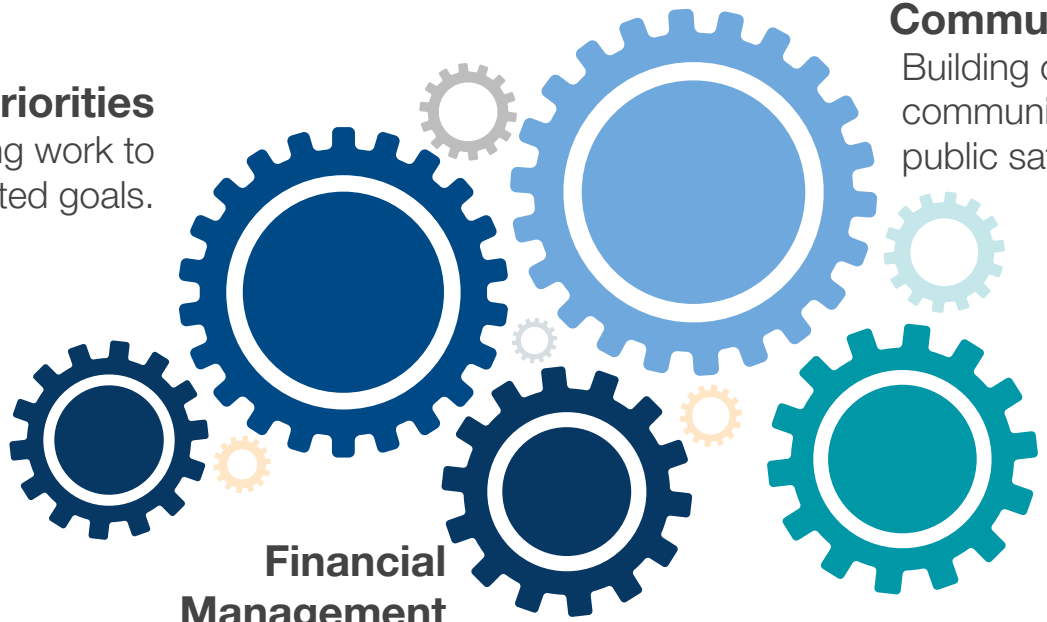
- Competitive employee compensation package is key to service delivery.
- Ongoing and potential new investments in Council priorities

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FY23 Process Summary

Council Priorities
Continuing work to achieve stated goals.

Community Engagement
Building on previous work in community, including reimagining public safety engagement.



Internal Process
Focusing on neighborhood level information and data-informed decision making.

Financial Management
Balancing strategic investments with financial impact on community.

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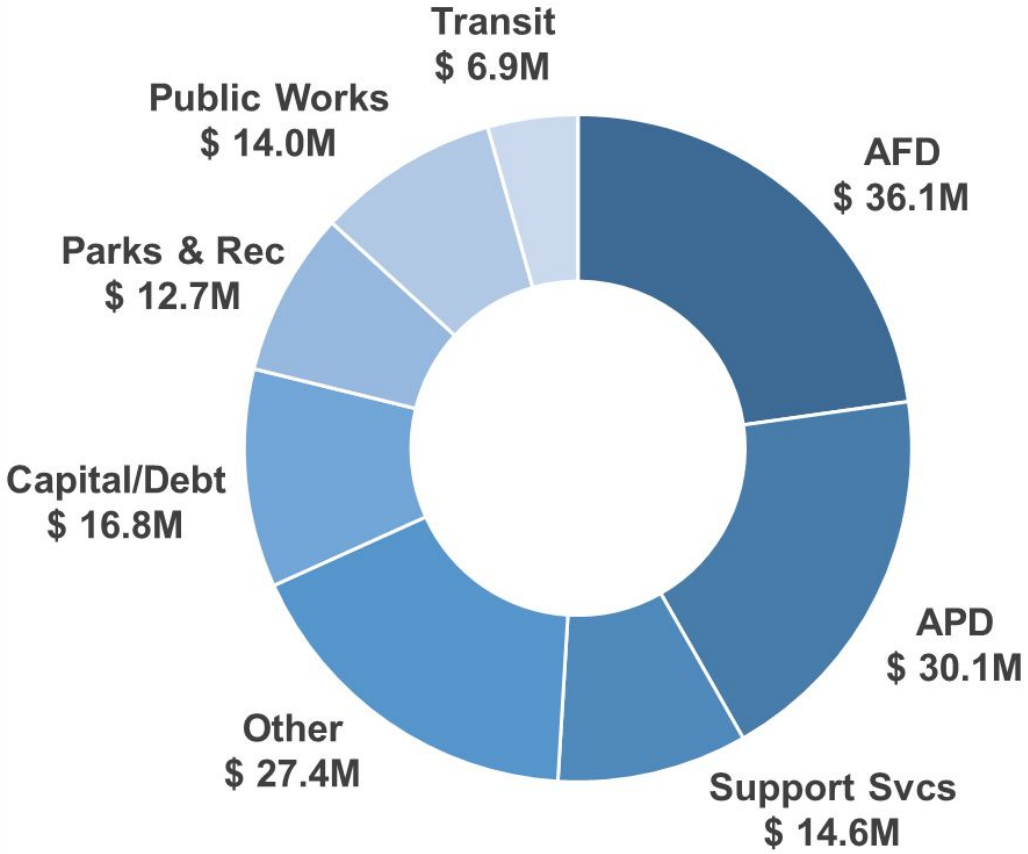
Proposed Budget: Fund Summary

	FY22	FY23	Change
General Fund	$ 145.2M	$ 158.6M	$ 13.3M
Water	$ 36.7M	$ 40.3M	$ 3.5M
Transit	$ 13.2M	$ 12.7M	$ -0.4M
Stormwater	$ 6.8M	$ 7.5M	$ 0.7M
Parking	$ 7.1M	$ 5.6M	$ -1.4M
HCCA	$ 4.5M	$ 4.9M	$ 0.4M
Street Cut	$ 1.9M	$ 2.0M	$ 0.2M

Net Total FY23 Budget: $ 216.9M

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General Fund Overview



Change from FY22	
Other	$6.0M
AFD	$4.5M
Public Works	$1.3M
Support Svcs	$1.1M
APD	$0.8M
Capital/Debt	$0.3M
Transit	$0.0M
Parks & Rec	-$0.7M

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General Fund Summary

Revenues: ***total growth of $11.4M***

- Normal property tax revenue growth
- Continued strong sales tax revenue performance
- Additional revenue from Council-approved fee increases

Baseline expenses: ***total growth of $6.8M***

- Growth in personnel costs
- Inflation and price volatility in operating costs

Available Resources: $4.6M

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Proposed FY 2022-23 Budget: New & Ongoing Investments

Guiding Principles

Essential service delivery
Ensuring departments have the resources required to meet service delivery expectations.

Enhancing customer value
Ensuring efficient service delivery that improves the customer experience.

Strategic alignment
Aligning resources (new and existing) to achieve community, Council and staff goals.

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Council Priorities

- Equitable & Affordable Housing & Stability
- Houselessness Strategies
- Improve & Expand Core Services
- Neighborhood Resilience
- Reimagining Public Safety
- Reparations

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Compensation Recommendations

Compensation History

Jul 2017	2.5% increase (with budget adoption)
Jul 2018	2.5% increase (with budget adoption)
Jul 2019	2.5% increase (with budget adoption)
May 2020	Increase to $31,200 minimum salary and related adjustments
Jul 2020	No compensation adjustments with budget adoption
Dec 2020	One-time payment for onsite ($750) and front-line ($1,000) employees
Jul 2021	Implementation of the Archer Compensation Study recommendations for employees on the Public Safety Pay Plans. All other employees to the new Archer-recommended minimum pay or provide a 2.5% pay increase, whichever was greater.
Nov 2021	Additional adjustments to AFD pay plan.

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July 2022 Compensation Recommendations

Adjust compensation to

- Ensure all full-time employees earn at least $35,360 annually.
- Make adjustments for compression in the impacted pay grades.
- Provide all other staff who do not receive an adjustment under the previous two items a 5.0% increase if hired on or before December 31, 2021 or a 2.5% increase if hired after that date.
- Continue to review additional options for recruitment and retention incentives.

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City of Asheville Full Time Pay Groups

Pay Group	Current Lowest Annual Salary	Approx. # of Employees	Approx. # of Employees <$35,360
Hourly (Non-Exempt)	***$31,200***	***530***	***61***
Salaried (Exempt)	$44,741	243	0
Fire Pay Plan	$44,027	227	0
Police Pay Plan	$44,738	156	0
Total		1,156	61

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July 2022 Recommended Compensation Cost

Pay Group	General Fund	Enterprise Funds	Adjustment Details
Hourly* (Non-Exempt)	$ 1.9M	$ 1.1M	$35,360 annual salary
Salaried (Exempt)	$ 1.0M	$ 0.6M	5% or 2.5% increase
Fire Pay Plan	$ 1.2M	-	5% increase
Police Pay Plan	$ 0.8M	-	5% increase
Approx. Total	*$ 4.9M*	*$ 1.7M*	

**includes estimate for temporary/seasonal*

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July 2022 Compensation Adjustment Breakdown

Est. Annual Salary for Position	Est. Additional Budget for Implementation	FTEs
$40,000 & below	$ 811,435	161.38
$40,001 - $50,000	$ 1,666,760	429.00
$50,001 - $60,000	$ 1,173,548	316.00
$60,001 - $70,000	$ 649,336	162.00
$70,001 - $80,000	$ 415,092	89.00
$80,001 - $90,000	$ 205,137	38.75
$90,001 - $100,000	$ 141,630	24.00
$100,001+	$ 301,012	37.00

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Total Compensation & Benefits

- 12.1% State retirement contribution (13.1% for law enforcement)
- 5% 401(k) retirement contribution
- Health and dental insurance (average cost of approximately $10,000 per employee)
- Vacation and sick leave, paid parental and family care, 13 city holidays

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Proposed FY 2022-23 Budget: Additional New Investments

Council Priorities

- Equitable & Affordable Housing & Stability
- Houselessness Strategies
- Improve & Expand Core Services
- Neighborhood Resilience
- Reimagining Public Safety
- Reparations

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Equitable & Affordable Housing & Stability

Ongoing Investments

Buncombe County Homeowner Grant

Affordable Housing GO Bond

Housing Trust Fund

Land Use Incentive Grants

Development Fee Rebates

Federal HOME program management

Management of ARPA funds for housing

FY23 Investment

Missing middle housing study ($85k)

Houselessness Strategies

Ongoing Investments

Continuum of Care lead

Developing shelter plan with partners

Homelessness outreach

FY23 Investment

Homelessness Strategy Project Specialist ($92k

Code Purple sheltering ($50k)

Improve & Expand Core Services

Ongoing Investments

All existing city operations including public safety, sanitation, water, stormwater, street and sidewalk maintenance, recreational programming and code enforcement

Capital funding to maintain city infrastructure

Enhanced maintenance in high-use parks

Inclusive and accessible government (ARPA)

Litter and cleanliness (ARPA)

Downtown restrooms modernization and upgrades (ARPA)

Improve & Expand Core Services

FY23 Investment

- GIS Specialist ($107k)
- HR Information System software ($250k)
- Web-based budget document ($50k)
- Sanitation and waste reduction ($405k - covered by fee increase)
- Emergency preparedness planning ($200k)
- Disparity study ($375k)

Neighborhood Resilience

Ongoing Investments

- Neighborhood Grant Program
- Equity & inclusion outreach
- Racial healing mini-grants
- Neighborhood services outreach
- Climate Justice Initiative
- Neighborhood sidewalks program
- Neighborhood Traffic Calming Policy
- Expanded evening and weekend hours at recreation centers

Neighborhood Resilience

FY23 Investment

Traffic signs & pavement markings ($90k)

Afterschool programming expansion ($17k)

Parks maintenance relocation ($245k)

Reimagining Public Safety

Ongoing Investments

- 911 consolidated operations
- APD recruitment efforts
- Additional APD training
- Body worn & vehicle cameras
- Shift of noise ordinance & animal control enforcement to Development Services
- Expansion of Office of Data & Performance
- Broadway Public Safety Station

FY23 Investments

- EMT pay supplement ($75k)
- Security cameras at Parks & Rec facilities ($75k)
- Contracted background checks ($75k)

Reparations

Ongoing Investments

Commission members appointed

$2.1 million reserved for Reparations

Awaiting recommendations for short and long-term strategies

FY23 Investment

Additional $365k allocation

Proposed FY 2022-23 Budget: Funding Investments

General Fund Summary

Revenues: ***total growth of $11.4M***

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Baseline expenses: ***total growth of $6.8M***

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Available Resources: $4.6M

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Funding Strategy

Summary	
Salary recommendation	$ 4.9M
Additional new investments	$ 1.7M
Total	*$ 6.6M*
Available funding	$ 4.6M
Needed to balance	*$ 2.0M*

Recommended Strategy	
Fund Balance	$ 0.4M
ARPA	$ 1.6M

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Enterprise Funds

Enterprise Funds Summary

	FY22 Adopted	FY23 Proposed	Change
Water Resources	$ 36.7M	$ 40.3M	$ 3.5M
Transit Services	$ 13.2M	$ 12.7M	-$ 0.4M
Stormwater	$ 6.8M	$ 7.5M	$ 0.7M
Parking Services	$ 7.1M	$ 5.6M	-$ 1.4M
HCCA (Civic Center)	$ 4.5M	$ 4.9M	$ 0.4M
Street Cut Utility	$ 1.9M	$ 2.0M	$ 0.2M

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Parking Fund FY23 Budget: $5.6M

- Overall reduction of $1.5M or 21% due to lower garage revenues (high uncertainty on future trends).
- Reduced operating expenses, capital, and transfer to transit to balance the fund.
  - Parking capital reduced from $500k to $150k.
  - Transit support reduced from $1.6M to $1.0M.
- *If revenues improve can amend budget mid-year to increase capital and/or transit transfers.*

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Transit Fund FY23 Budget: $12.4M

- Budget proposal includes funding to increase driver pay but does not include funding for any service expansions in FY23.
- Transfer from Parking reduced by $600k from $1.6M to $1.0M.
- General Fund support remains at $6.9M.
- Utilize all of the remaining Transit-specific ARPA funding along with approximately $300k in General ARPA funding to balance the FY23 Transit budget.

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Funding Strategy - All Funds

General Fund	
Needed to balance	*$ 2.0M*
ARPA	$ 1.6M
Fund Balance	$ 0.4M

Transit Fund	
Needed to balance	*$ 0.3M*
ARPA	$ 0.3M

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Capital Improvement Program (CIP) Highlights

FY23 CIP Overview

	FY23	FY24	FY25	FY26	FY27
Facility Maintenance	$ 2.48M	$ 0.08M	$ 0.95M	$ 0.96M	$ 0.98M
Fleet & Equipment	$ 4.46M	$ 10.00M	$ 8.81M	$ 10.25M	$ 9.41M
Parks & Recreation	$ 4.33M	$ 1.12M	$ 0.74M	$ 0.76M	$ 1.08M
Streets & Sidewalks	$ 6.87M	$ 4.43M	$ 5.17M	$ 4.66M	$ 6.77M
Multi-modal/Placemaking	$ 2.47M	$ 11.93M	$ 0.59M	$ 0.09M	$ 5.34M
Greenways	$ 0.13M	$ 0.00M	$ 4.00M	$ 0.00M	$ 0.00M
Contingency	$ 0.75M	$ 0.75M	$ 0.75M	$ 0.75M	$ 0.75M
Total	*$ 21.48M*	*$ 28.30M*	*$ 21.00M*	*$ 17.47M*	*$ 24.33M*

Adjustments to 5-Year CIP

- Memorial Stadium
- Municipal Building repairs
- Vance Gap Road landslide
- Municipal Golf Course
- Burton Street Park
- Livingston Street

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Comprehensive Facility Study



Grades for how facilities are performing.

Current and future needs including growth and remote work (where applicable for select positions).

Prioritize facilities and projects. Scenarios to set up decision points.

- No change to funding.
- Funding to maintain current facilities condition.
- Funding to meet the goals of the organization.

Next Steps

Next Steps: After Budget Presentation



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Discussion